

## **CHILD CARE ALERT- January 28, 2003**

### **CONGRESS EXPECTED TO PASS ANOTHER EXTENSION OF 2003 SPENDING**

As you may know, since the start of federal fiscal year 2003 on October 1 of last year, only 2 of 13 appropriations bills have been signed into law. As a result Congress has passed several “CR’s” or Continuing Resolutions that extend funding for almost all government programs/departments a few weeks at a time.

These CR’s have extended government programs (including child care) a few weeks at a time with funding frozen at the same level as 2002. Initially, the leaders of the new Congress had hoped to complete all appropriations before the President’s State of the Union address tonight. Now they are hoping to complete action by early February (5<sup>th</sup> though the 7<sup>th</sup>) but many people project they will not complete action until the President’s Day break scheduled for February 15<sup>th</sup>—23<sup>rd</sup>. The current CR will run out on January 31<sup>st</sup> so an additional CR will be needed this week.

### **WHAT THIS MEANS FOR CHILD CARE**

Child care funding now at approximately \$4.8 billion remains frozen. The child care funding your state receives comes in three “streams” the “matching” funds which only come to your state if your state puts up their own dollars, “mandatory” funds which are automatically provided to your state at the same level every year but they do not require a match. And the “discretionary” funds which the Senate and House Appropriators vote for each year. These funds have risen from around \$1 billion in 1996 when the welfare (TANF) law was enacted to \$2.1 billion today. These funds do not require a state match.

The mandatory and matching funds are only increased when Congress “reauthorizes” or re-adopts the Child Care Development Fund—every five years. Congress was required to do this last year but the Child Care reauthorization (like the TANF reauthorization) was not completed. That means this Congress must try to reauthorize both programs this year.

### **WHAT THE PRESIDENT HAD PROPOSED FOR 2003**

The White House requested no increase in “discretionary”/appropriated child care funds in 2003. In addition their reauthorization of the Child Care Development Fund proposed no increase in “mandatory” or “matching” funds for the next five years.

## WHAT THE HOUSE HAD PROPOSED FOR 2003

The House did not act on an appropriations bill last year. Earlier this month they unveiled a proposal to freeze discretionary child care funding for this year. Last year the House did pass a child care reauthorization bill but they (like the White House) proposed no increase in child care mandatory or matching funds for the next five years.

## WHAT THE SENATE HAD PROPOSED FOR 2003

The Senate Appropriations Committee adopted a bill that did not increase discretionary funding in 2003. The Senate Finance Committee adopted a child care reauthorization with funding increasing by \$5.5 billion for five years split between the mandatory and matching funds.

## FINAL CHILD CARE FUNDING FOR THIS YEAR UNCERTAIN WITH NEXT YEAR'S PROPOSED BUDGET DUE OUT NEXT WEEK

Last week the Senate passed an "omnibus" appropriations bill, referred to as an omnibus because it includes 11 of the required 13 appropriations bills which are normally passed separately. The House and Senate must now negotiate final numbers the President will sign.

The President's State of the Union address has always been the unofficial start of the annual budget debate with the President's Budget submitted to Congress the following week. It will be that way this year with the budget to be released on Monday, February 3. Unlike past years however, the final funding for this year (federal fiscal year 2003) may not be decided until the middle of February.

The proposed budget for 2004 will be based on assumptions of what Congress and the President will finally agree to for this year.

THIS IS HOW WE STAND ON THE **2003** FUNDING LEVELS BASED ON THE WHITE HOUSE POSITION AND SENATE AND HOUSE ACTION

Child Care and Development Fund (CCDF sometimes referred to as CCDBG):

	<b>The White House</b>	<b>House of Representatives</b>	<b>The United States Senate</b>
<b>Discretionary Spending</b> (provided to states without a requirement for states to match funds)	No Increase with funding left at \$2.1 billion	The House Appropriations Subcommittee has proposed: No Increase with funding left at \$2.1 billion	The full Senate has approved: No Increase but the Senate has also agreed to at least two across-the-board cuts of 1.3% and 1.6%
<b>Mandatory Spending</b> (part is provided to states as “mandatory” funds not requiring a match and the rest is provided if a state matches with state dollars)	This funding can only be increased when Congress “reauthorizes” the Child Care Block grant. The White House proposed No Increase in their reauthorization plan.	This funding can only be increased when Congress “reauthorizes” the Child Care Block grant. Last year, the House passed a reauthorization with No Increase	This funding can only be increased when Congress “reauthorizes” the Child Care Block grant. Last year, the Senate Finance Committee passed a reauthorization with a \$5.5 billion increase over 5 years, most of it given to states as “mandatory” funds not requiring a match

NEXT STEPS

House and Senate Conferees must agree to an overall-spending bill for 2003. They have significant differences with the White House opposing many of the proposed increases included in the Senate bill.

As soon as a 2003 budget is signed into law, the debate over 2004 will begin. That debate will include how to fit in a tax cut, budget spending caps and many other issues. Some programs (including child care) may

also start off with less funding going into 2004 than had been expected last year at this time.

## HEAD START

Head Start is up for reauthorization this year and we expect some potentially significant proposals by the Administration included in their budget next week. For now we have to focus on appropriations. The situation is not much brighter here.

### **The Presidents budget:**

An increase of \$131 million rising to \$6.667 billion

### **The House's Proposed Budget:**

The same at \$6.667 billion

### **The Senate-Passed Budget:**

The same at \$6.667 billion (the Senate voted to exempt Head Start from the Senate across-the-board cuts)

In all of these proposals Head Start does not do well since a significant percentage of new funds are designated for quality improvements. Inflation will eat away at the little left of this proposed \$131 million increase.

KEY DATES: January 28—President's State of the Union  
February 3—President's Budget for FY 2004